



SM INVESTMENTS

9M 2022 Earnings Briefing
Nov 9, 2022

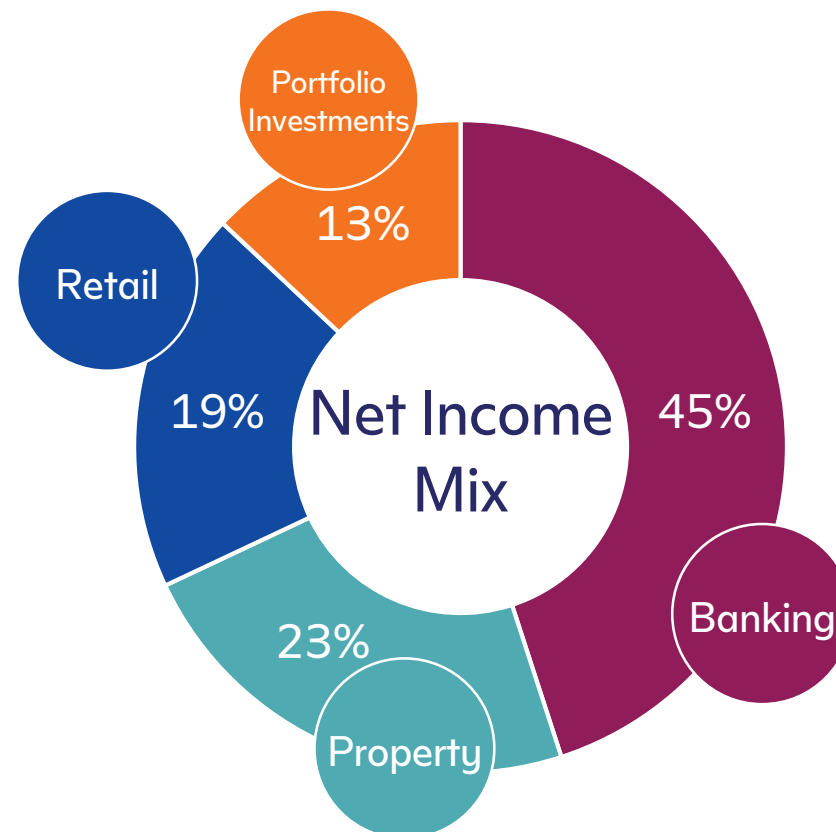


SMIC 9M 2022 Consolidated Results

- Strong consumer spending momentum in Retail and Malls
- Retail and Banks continued to drive earnings
- Portfolio Investments contributed 13% of earnings

SM Investments	9M 2022	Chg
Revenues	381.9	31%
Earnings	42.9	50%
Assets	1,452.4	7%
Net Debt:Total Equity	38 : 62	

Figures in PHP B except percentages



Banking – BDO

- Sustained momentum driven by strong core business
- CASA ratio at 82% on 8% growth in CASA deposits
- NPL ratio improved and NPL coverage increased to 152%
- Strong capital ratios maintained

BDO	9M 2022	Chg
Net Income	40.0	23%
Net Interest Inc.	108.1	11%
Other Income	53.2	20%
Loans	2,531.0	10%
Deposits	3,036.5	11%
NIM	4.1%	
NPL	2.2%	
CET 1	13.3%	
CAR	14.4%	

Figures in PHP B except percentages



Banking – China Bank

China Bank	9M 2022	Chg
Net Income	14.7	31%
Net Interest Inc.	33.7	17%
Other Income	8.3	6%
Loans	697.0	14%
Deposits	1,001.0	18%
NIM	4.2%	
NPL	2.0%	
CET 1	14.9%	
CAR	15.7%	

Figures in PHP B except percentages

- Growth driven by net interest income and core fee income growth
- Above industry loan growth
- NPL ratio improved 140bps and NPL coverage at 161%
- Cost-to-income ratio improved to 43% on efficiency enhancements and cost management
- Strong capital ratios



Property

- Strong domestic demand momentum
- Philippine mall rental income doubled
- Cinemas, event ticket sales and other revenues up 483%
- Residential Reservation Sales up 10%
- Offices improved 17%
- Hotels and Convention centers revenues up 224%

SM Prime	9M 2022	Chg
Total Revenues	73.7	30%
Philippine Malls	33.9	114%
China Malls (in RMB B)	0.5	-7%
Residential	28.3	-12%
Other Businesses	7.2	56%
Reservation Sales	83.9	10%
Net Income	22.0	41%

Figures in PHP B except percentages



Retail

SM Retail	Revenue	Chg	NI	Chg
Total Retail	258.1	26%	11.5	138%
SM Store	63.2	78%	2.0	265%
Specialty	57.3	35%	4.5	139%
Food Group	154.1	11%	6.6	32%

Figures in PHP B except percentages

- Strong consumer spending momentum carries on across all formats
- Retail at pre-pandemic revenues
- Net income soaring above pre-pandemic levels
- Non-food sales over other channels at 10.5%





PHILIPPINE GEOTHERMAL



SMIC Investor and Analyst's Briefing

9 November 2022



Philippine Geothermal Production Company, Inc. (PGPC)



- Pioneered the commercial development of geothermal resources in South East Asia in 1971
- Operates the Tiwi and Mak-Ban steam fields, supplying ~ 345 MW of steam to Aboitiz power plants
- Produced 145 billion kWh cumulative gross generation, equivalent to ~57 billion Kgs of CO2 emissions avoidance (as of September 2022)

~245 MW
Installed Capacity



Mak-Ban Steam Field (4,323 hectare)

~100 MW
Installed Capacity



Tiwi Steam Field (5,087 hectare)



Locations of PGPC's assets strategic for energy supply in Luzon

- Mak-Ban and Tiwi locations strategic because of proximity to load centers
- Tiwi and Mak-Ban account for **almost 65%** of the electricity generated from **geothermal energy in the Luzon Grid in 2021**



Geothermal is important in PH move towards sustainable Renewable Energy

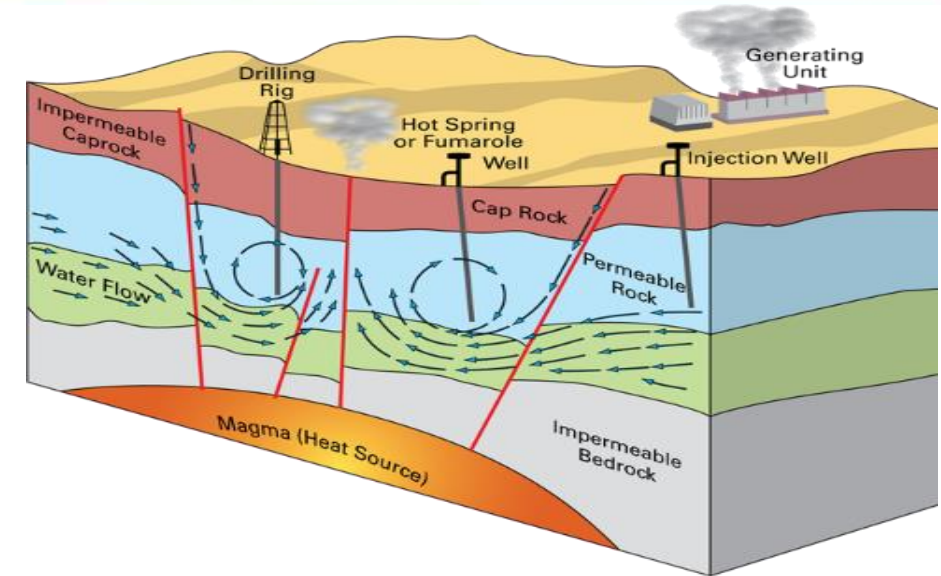


PHILIPPINE GEOTHERMAL



- Geothermal plants produces energy fueled by the heat from the earth’s core. It provides baseload renewable energy 24x7, rain or shine and day or night.

Source:
<https://ahgeothermal.weebly.com/>

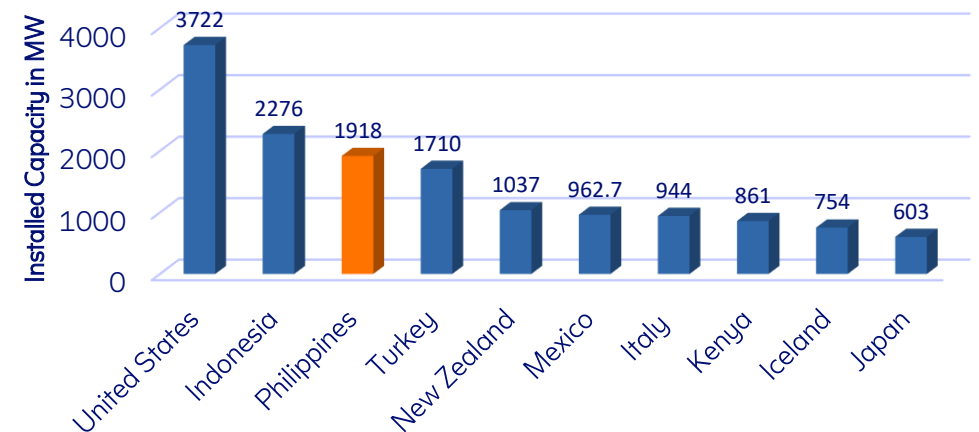


- A source of pride for the country, the Philippines ranks third in installed capacity among geothermal energy-producing countries

Source:
ReThinkGeoEnergy
search 2022



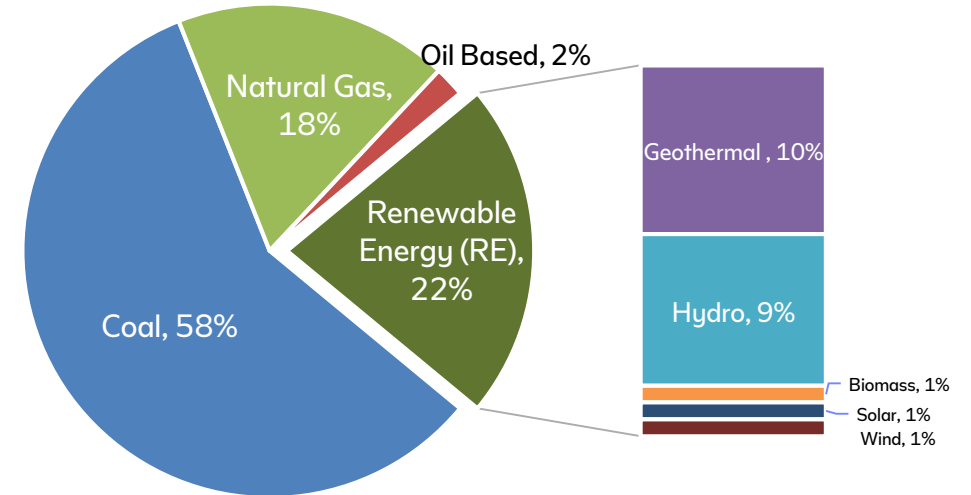
Top 10 Geothermal Energy-producing countries



There is room for geothermal to grow with the need for more RE in the future

- In 2021, geothermal energy comprised ~10% of the total energy generated in the PH and makes up ~45% of the total RE mix
- Under the National Renewable Energy Program (NREP) 2020–2040, the Philippine government commits to expanding the country’s renewable energy generation to 35% by 2030 and 50% by 2040. An additional capacity of about 700 MW is targeted for geothermal.

Philippine Generation Mix 2021



PGPC builds on legacy of predecessor company, with aspirations to grow RE footprint



PHILIPPINE GEOTHERMAL



2017

PGPC becomes 100% Filipino-owned when AEHI acquires Chevron's remaining 40% stake in the company.

2012

Chevron partners with AEHI, an affiliate of SMIC, for the Tiwi and Mak-Ban steam field operations.



2018

PGPC and APRI sign the GRSSA. PGPC is awarded the Mt. Malinao GSC.

2013

PGPC and the DOE execute the Tiwi and Mak-Ban GSC, granting PGPC the exclusive rights to operate these geothermal fields for 25 years, renewable for another 15 years.

2021

PGPC is awarded the Daklan and Mt. Labo GSC by the DOE.



Celebrating
50 Years of PGPC's
Pioneering Journey
Towards a Resilient and
Sustainable Tomorrow

2019

PGPC launches the Steam Production Enhancement Campaign (SPEC) and starts drilling new wells in Tiwi.

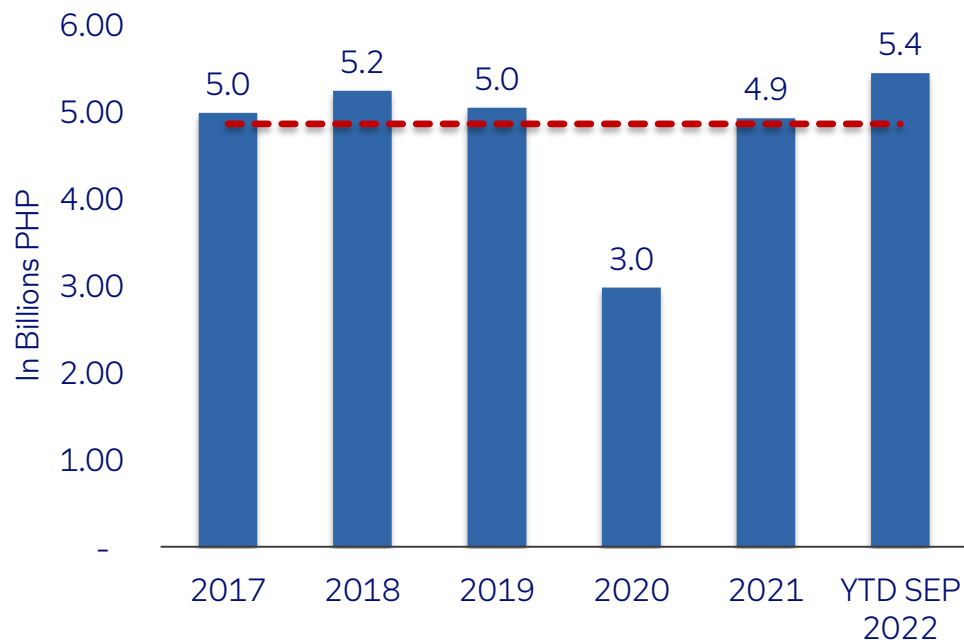


- PGPC – Philippine Geothermal Production Company, Inc.
- AEHI – Allfirst Equity Holdings, Inc.
- SMIC – SM Investments Corporation
- APRI – Aboitiz Power Renewables, Inc.

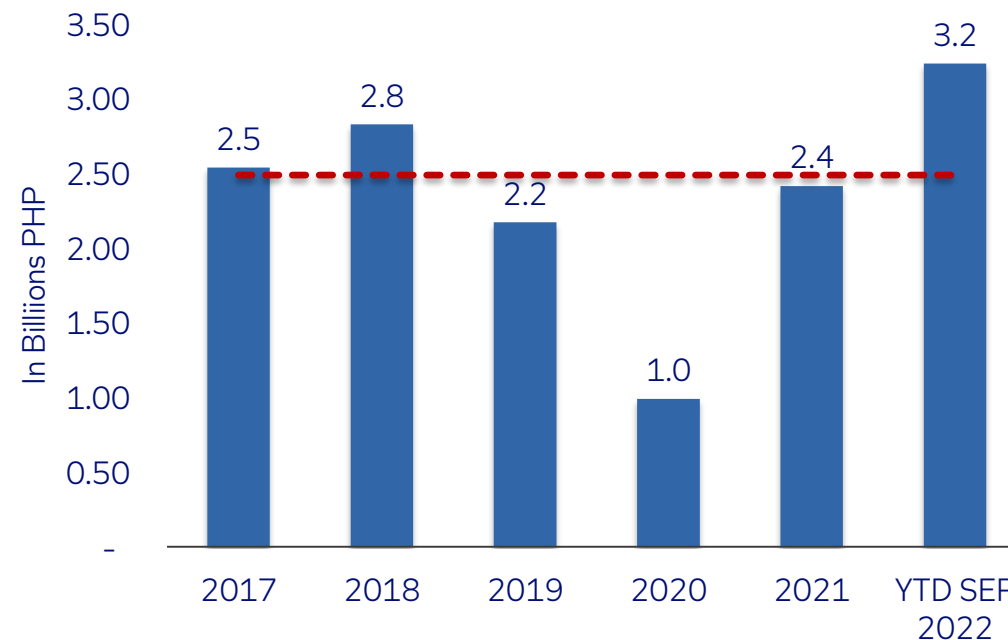
- GRSSA – Geothermal Resources Supply and Services Agreement
- GRSC – Geothermal Resources Sales Contract
- GSC – Geothermal Service Contract
- KGP – Kalinga Geothermal Project

Financial results stable; better than expected in 2022

REVENUE



NET INCOME



Notes:

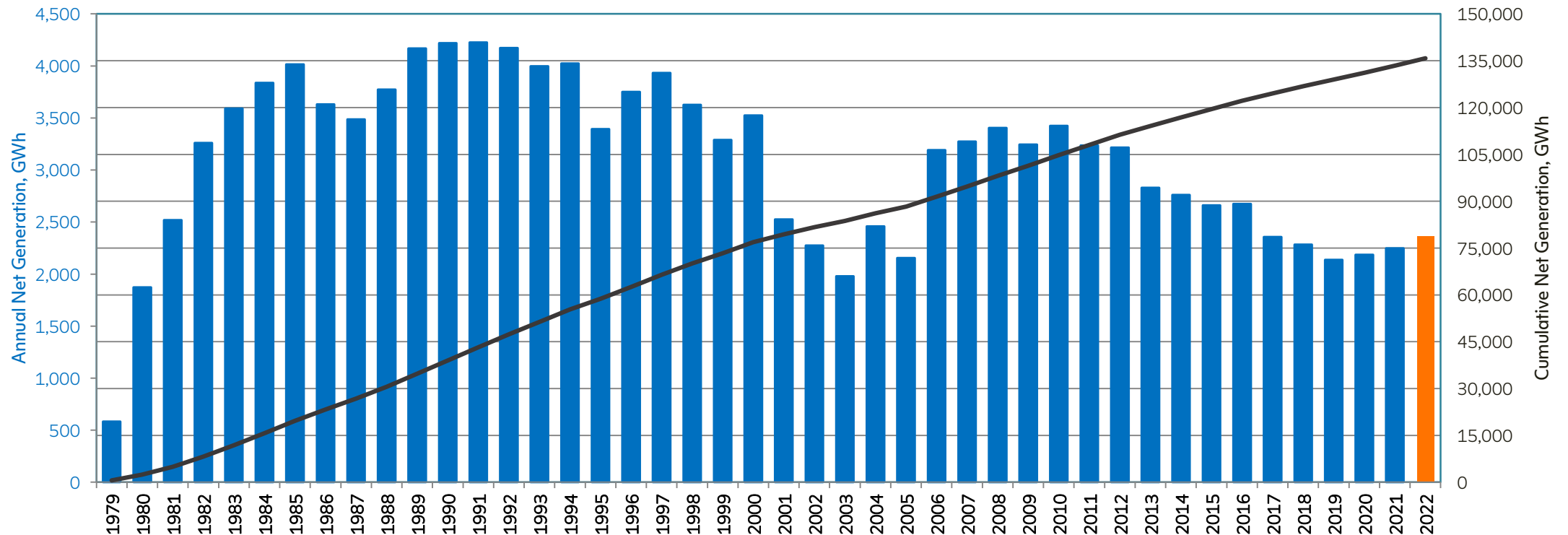
- Based Audited Financial Statements in USD, converted to PHP using average year end forex rate
- Average does not include year 2020 due to the impact of COVID-19 pandemic



Mak-Ban and Tiwi Net Generation (1979 – 2021 actuals; 2022 outlook)



Net Generation (1979 to 2021 Actuals, 2022 Forecast)



- First steam at both fields in 1979, and building up capacities until 1985
- Peak generation in 1991
- Plants rehabilitation from 2001 – 2005 and new wells drilling from 2002 - 2004

PGPC intends to continue on optimizing generating steam from Tiwi and Mak-Ban

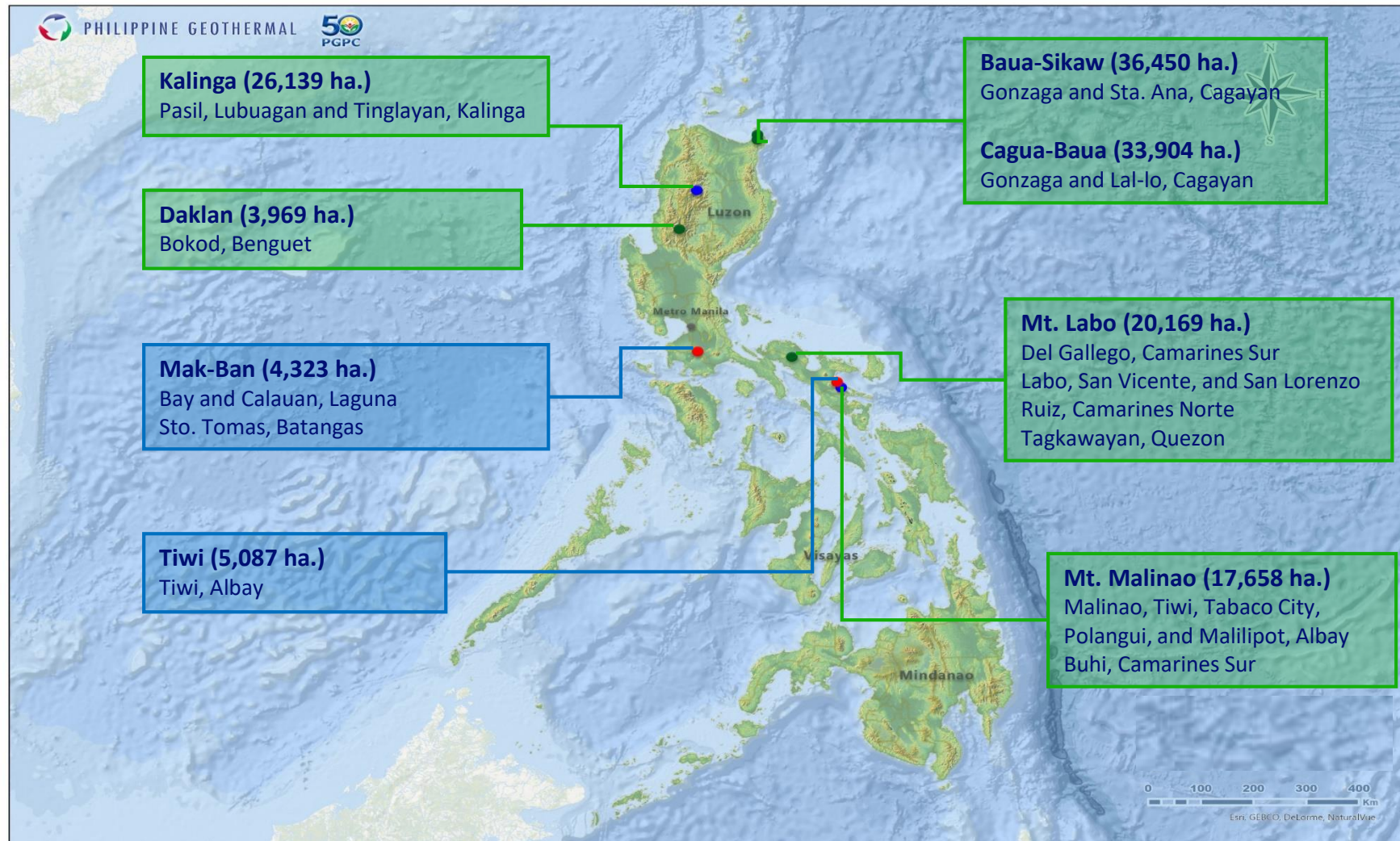
- Build on success of drilling program
 - ❑ ~ 55MW of new steam capacity to date from 8 of 10 completed production wells
 - ❑ Drilled in 24 days the deepest production well in Mak-Ban and in the country (11,849 ft.)
 - ❑ 1.7 million safe man hours
 - ❑ 130,000 feet of drilled depth
- Best practices
 - ❑ Simultaneous drilling and well flowing operations (SIMOPS)
 - ❑ Use of innovative drilling technologies such as Air Drilling, Full Suite Mudlogging monitoring, and Pressure-While-Drilling, among others
 - ❑ Contractors, Procurement & Construction management



5 New Geothermal areas can also add more value; Potential of 250 – 400 MW



PHILIPPINE GEOTHERMAL



PGPC champions People, Planet and Partnership



PHILIPPINE GEOTHERMAL



Kalikasan
Climate Change and Environment

57 billion kgs
Reduction in greenhouse gases emission (CO2) from Tiwi and Mak-Ban steam production since 1972

195
Sea Turtles rescued and released

50K+
Trees planted

Karunungan
Education

25
Schools adopting geothermal education

809
Graduate Scholars

35
Barangay disaster management trainings



78%
Employee outside the National Capital Region (NCR)

22%
Women workforce. 30% of senior management are women

Kapitbahay at Kabuhayan
Community Engagement Enterprise Development

1st in Class
MUNICIPALITY
Tiwi Municipal moved from 6th to 1st

32
CSR Partners

1,400
Farmers trained

14
Community livelihood organizations

Kalusugan at Kaligtasan
Health and Safety

Php 2.8M
COVID-19 in-kind donations

3,973,314
Safe man-hours from both employees and contractors in 2022 (Year-to-date September)

ZERO
Fatalities in the last 10 years

PGPC Summary



PHILIPPINE GEOTHERMAL



- ✓ **Supplies green energy;** Geothermal is clean, indigenous and reliable.
- ✓ **Supports DOE targets;** Ongoing operations as well as the company's growth targets and effort supports the 2020-2040 NREP and other DOE initiatives.
- ✓ **Stable and Profitable;** Robust financials in the last 5 years. Currently debt-free with very minimal forex transactions.
- ✓ **Positioned for Growth;** Leveraging on the good outcome of ongoing drilling campaign, PGPC is poised to add value from its five new geothermal areas.
- ✓ **Champions sustainability;** Over 50 years of combined exploration, drilling, construction, and operations experience supporting People, Planet and Partnership SDGs.



9M 2022 Results Key Messages

- SM 9M sustained growth momentum points to an encouraging 4Q
- Retail benefited from strong consumer sentiment across all categories and formats, especially in fashion-related items and in department stores
- Banks delivered strong core business growth, NPL coverage and balance sheets
- Property growth driven by normalization of rental rates, increased foot traffic and discretionary spending in Malls
- Portfolio investments becoming a meaningful contributor
- Conservative gearing and strong balance sheet maintained
- Optimistic about consumer outlook, despite global headwinds



Annex



SM Retail Consolidated

Financials	2022	2021	Chg
Revenue	258.1	204.9	26%
SSSG	22.8%	-3.2%	
Net Margin	5.1%	2.6%	
Net Income	11.5	4.8	138%

Figures in PHP B except percentages

Profile

Store Count	3,379	3,173	6%
Selling Area	3.20	3.12	2%

Gross Selling Area in M sqm.

- Strong consumer spending momentum continued in 9M 2022
- Net income grew by 148% driven by Non-Food sales
- Non-food sales over other channels at 10.5%



SM Retail – SM Store

Financials	2022	2021	Chg
Revenue	63.2	35.4	78%
SSSG	78.5%	4.9%	
Net Margin	3.3%	-3.7%	
Net Income	2.0	-1.2	265%

Figures in PHP B except percentages

Profile

Store Count	69	66	5%
Selling Area	0.85	0.82	3%

Gross Selling Area in M sqm.

- Improved sales in fashion items related to resumption of face-to-face classes
- Better margin products improving mix
- Cost efficiencies



SM Retail – Food Group

Financials	2022	2021	Chg
Revenue	154.1	138.8	11%
SSSG	7.1%	-8.4%	
Net Margin	4.3%	3.6%	
Net Income	6.6	5.0	32%

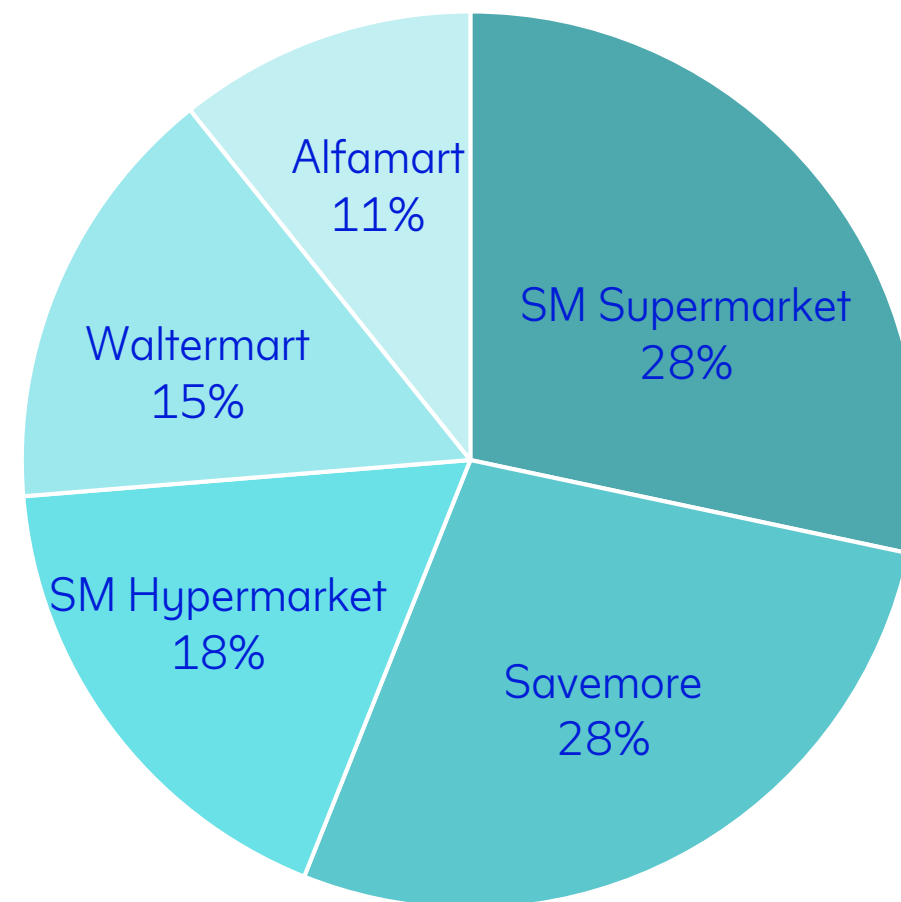
Figures in PHP B except percentages

Profile

Store Count	1,774	1,563	13%
Selling Area	1.72	1.67	3%

Gross Selling Area in M sqm.

Revenue by Format



SM Retail – Specialty

Financials	2022	2021	Chg
Revenue	57.3	42.4	35%
SSSG	29.9%	9.9%	
Net Margin	8.2%	4.5%	
Net Income	4.5	1.9	139%

Figures in PHP B except percentages

Profile

Store Count	1,536	1,544	-1%
Selling Area	0.64	0.64	0%

Gross Selling Area in M sqm.

- Improved sales in more discretionary items
- Margin improvement due to better mix and cost efficiencies

